

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00 PM-04

H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /083 W

-----122059Z 049245 /44

R 120824Z MAY 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9640

C O N F I D E N T I A L MANILA 7235

E.O. 11652: GDS

TAGS: ECON, RP, US

SUBJECT: US/RP ECONOMIC NEGOTIATIONS

1. DURING LUNCH MAY 12 WITH EMBOFFS, AMBASSADOR PABLO SUAREZ, ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS IN DFA, TOOK INITIATIVE OF RAISING POSSIBILITY OF RESUMPTION OF US/RP ECONOMIC NEGOTIATIONS. SUAREZ SAID THAT HE HOPED THE LOGJAM (WITH THE GOP) WOULD BE BROKEN SOON, AND THE GOP COULD APPRAOCH THE USG ABOUT RESUMING NEGOTIATIONS. HE ACKNOWLEDGED THAT THE MAIN PROBLEM AT THE MOMENT WAS HOW THE GOP WOULD MEET THE USG DESIRE WITH RESPECT TO TREATMENT OF U.S. PRIVATE INVESTMENTS. THE GOP IS NOW ON VERGE OF MEETING THE USG HALFWAY, PROVIDED THE USG COULD ACCEPT A SAFEGUARD PROVISION, SAID SUAREZ.

2. IN COMMENTING ON SUAREZ' MENTION OF A SAFEGUARD PROVISION, WE SAID OUR MAIN INTEREST WAS THAT THE GROUND RULES NOT BE CHANGED ADVERSELY ONCE AN INVESTMENT WAS MADE. OBVIOUSLY HOST GOVERNMENTS HAVE THE RIGHT TO MAKE CHANGES, BUT WE BELIEVE THAT THE CHANGES OUGHT TO APPLY TO EVERYONE, FILIPINOS, AND THIRD COUNTRIES ALIKE; AND WHATEVER THE CONTENT OR WORDING OF SAFEGUARD PROVISIONS
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IT WAS THE ACTIONS OF GOVERNMENTS THAT COUNTED.

3. SUAREZ ASKED WHETHER OUR DESIRE FOR SUCH GUARANTEES WOULD APPLY TO EXISTING INVESTMENTS OR NEW ENTRANTS. WE SAID BOTH. THERE SHOULD NOT BE ANY DISCRIMINATION.

4. WE SOUGHT TO ELICIT FROM SUAREZ WHERE THE LOGJAM IS,

BUT WHILE HE PARRIED THIS QUESTION, HE DID SAY THAT
FINANCE SECRETARY CESAR VIRATA WAS THE PRINCIPAL GOP
POLICY MAKER ON US/RP ECONOMIC NEGOTIATIONS. IN REPLY
TO OUR FURTHER QUESTION AS TO WHOM WE SHOULD CULTIVATE ON
VIRATA'S STAFF, SUAREZ SAID HE THOUGHT VIRATA TOOK HIS
OWN COUNSEL AND HANDLED THE SUBJECT HIMSELF.

5. SUAREZ ALSO INDICATED CLEARLY THAT HE THOUGHT
US/RP ECONOMIC NEGOTIATIONS WOULD BE CONDLUCDED PRIOR
TO CONCLUSION OF THE RENEGOTIATED TREATY OF COMMERCE AND NAVIGATION
WITH JAPAN. THIS, HE SAID, WOULD BE DIFFICULT AND
DRAWN OUT. THIS IS HIS PERSONAL OPINION, BASED ON HIS
LONG AND CLOSE RELATIONSHIP WITH THE U.S., AS BOTH
WE AND OUR JAPANESE COLLEAGUES BELIEVE THE GOP
PRIORITY PRESENTLY IS ON A RP/JAPAN AGREEMENT FIRST.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, DIPLOMATIC DISCUSSIONS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA07235
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770168-0185
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770566/aaaacekn.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b7d6b695-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2549945
Secure: OPEN
Status: NATIVE
Subject: US/RP ECONOMIC NEGOTIATIONS
TAGS: ECON, RP, US, (SUAREZ, PABLO)
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/b7d6b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009